

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2579 - SB 2570

March 11, 2016

SUMMARY OF BILL: Removes the Department of Revenue's authorization under the Retail Accountability Program to designate which categories of products, for which persons making sales to retailers of such products, are required to provide information reports of such sales to the Department of Revenue (DOR). Authorizes the DOR to require persons selling candy, food, or nonalcoholic beverages, in addition to persons selling beer and tobacco, to retailers of such products to provide information report of such sales to the DOR, only if sales of such candy, food, or nonalcoholic beverages by the wholesaler were at least \$500,000 during the prior calendar year. Establishes that all candy, food, and nonalcoholic beverages may be treated as a single type of product in information reports.

Exempts any wholesaler making sales of candy, food, or nonalcoholic beverages to an affiliate from being required to include such sales in the information report submitted to the DOR. Prohibits the DOR from issuing any assessment, including a notice of proposed assessment, to any retailer based solely on the information report, before first issuing to the retailer an inquiry letter stating the Department's findings and providing an opportunity for the retailer to explain the inconsistencies between its purchases and reported sales.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Under the Retail Accountability Program, pursuant to Tenn. Code Ann. § 67-6-410, the DOR is authorized to require persons making sales to retailers of beer, or tobacco products file an information report of such sales.
- Pursuant to Public Chapter 342 of the Public Acts of 2015, the reporting requirements under the Program were expanded to persons making sales to retailers of other categories or types of tangible personal property, as may be designated from time to time by the DOR, in addition to beer and tobacco.
- According to the Department's rules of the Program, as published on the Department's website, beer and tobacco wholesalers that also sell food and beverages are required to include those sales in their report to the DOR.
- In addition, non-beer and non-tobacco wholesalers are required to report food and beverage sales to the DOR, if their total sales for resale are \$500,000 or more per year, and these items are sold to retailers that sell beer or tobacco products.

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- The DOR confirms that the proposed legislation effectively codifies the Department's current policy for the Program. As a result, any impact on state and local revenue will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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